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Warsh Names Two Interim Fed Advisers

BY NICK TIMIRAOS

Federal Reserve Chairman Kevin Warsh has tapped two outside associates to advise him while he settles into the job, one of whom previously helped write a conservative blueprint that recommended a radical restructuring of the central bank.

One adviser is Paul Winfree, according to people familiar with the matter. He was a White House domestic policy specialist in the first Trump administration. He was the named author of the chapter on the Federal Reserve in Project 2025, the conservative policy blueprint produced ahead of the 2024 election.

Another adviser is Daniel Heil, a policy fellow at Stanford's Hoover Institution who was an economic policy adviser to Jeb Bush's 2016 presidential campaign. His recent writings have focused on reducing the costs of federal healthcare spending and on Social Security. Both have spent their careers in conservative policy circles, and their backgrounds are in areas outside of the central bank's core responsibilities of monetary policy and bank regulation. Note

One person familiar with the matter said both advisers would work as temporary contractors to support Warsh on policy analysis and planning and that the chairman had made no final decisions about more permanent roles at the central bank.

Both men have worked with Warsh on economic policy research for years—Heil as a colleague at Hoover, where Warsh was a distinguished fellow from 2011 until his confirmation as Fed chair last month, and Winfree from his roles at conservative think tanks.

Warsh's most recent predecessors tapped one or two senior policy advisers upon taking office, but those aides were drawn from the ranks of current or former Fed staff with experience in monetary policy. Neither Winfree nor Heil has worked at the central bank.

Winfree in 2023 founded a conservative think tank focused on fiscal policy called the Economic Policy Innovation Center, or EPIC. The organization announced last week it was winding down its operations. Before establishing the think tank, Winfree worked at the Heritage Foundation, which produced Project 2025. The 13-page chapter on overhauling the Fed recommended eliminating the central bank's dual mandate to maintain stable prices and full employment, requiring it to focus on price stability alone. The mandate is set by Congress, but the Fed has had latitude to interpret how it achieves the goals.

The policy paper also endorsed substantially shrinking the Fed's \$6.7 trillion asset portfolio and limiting the central bank's role as a lender of last resort in financial crises.

The manifesto drew attention for floating ideas well outside the mainstream of monetary policy, including a menu of overhauls whose top-ranked option was "free banking"—effectively abolishing the Fed in favor of privately issued, commodity-backed currency. The report included a disclaimer that said the ideas shouldn't be attributed to any individual and instead synthesized the views of a panel of contributors.

Winfree later distanced himself from the chapter's more provocative proposals. "I do think the Fed should be reformed," he told Roll Call in 2024. "But I would not subscribe to the idea of nuking the Fed."

His more recent commentary has been more measured. A paper he wrote last year for EPIC found that the Fed's bond buying hasn't driven persistent federal deficits, cutting against a common conservative critique of the central bank.

In a Washington Post op-ed earlier this year, Winfree warned that the Trump administration's embrace of cryptocurrency risked inflating a bubble on the scale of the 2008-09 housing crisis and could ultimately force the Fed into a bailout it would be unable to refuse.

In speeches and interviews over the past year, Warsh has laid out an agenda that calls for infusing the institution with new thinking. At his White House swearing-in ceremony last month, Warsh said, "I will lead a reform oriented Federal Reserve" that learns "from past successes and mistakes" and escapes "static frameworks and models."

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